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SUBJECT: SAUDI ARABIA: THE CROWN PRINCE'S VIEWS ON
REFORM, GULF WAR SPENDING, ISRAEL AND IRAN

REF: A. RIYADH 0023, B. RIYADH 0029

[1](#)1. (U) CLASSIFIED BY DCM THEODORE KATTOUF: 1.5 B,D.

SUMMARY

[1](#)2. (C) A SELF-CONFIDENT CROWN PRINCE, OBVIOUSLY AT HOME WITH HIS EXPANDED AUTHORITY, SEPARATELY LECTURED FORMER U.S. AMBASSADORS TO SAUDI ARABIA, A/S RICHARD MURPHY AND CHAS FREEMAN, ON THE UNFAIR FINANCIAL BURDEN THE U.S. PLACED ON SAUDI ARABIA DURING THE GULF WAR. ECHOING SENTIMENTS EXPRESSED MORE FORCEFULLY BY MERCHANT FAMILIES AND OTHER COMMONERS, ABDULLAH STATED THAT THE SAG SPENT "FAR TOO MUCH" AND QUESTIONED U.S. MOTIVES IN EXACTING THE FINANCIAL TOLL. INDICATING THAT MORE BELT-TIGHTENING WAS IN ORDER, THE CROWN PRINCE ALLUDED TO THE NEED TO "UNIFY" THE SAUDI BUDGET, WHICH FREEMAN INTERPRETED TO MEAN BRINGING ON-BUDGET THE MAMMOTH OFF-BUDGET MONIES DEVOTED TO THE MOSQUE RECONSTRUCTION, AL-YAMAMAH WEAPONS DEAL, AND THE STRATEGIC (OIL) STORAGE PROJECT. ABDULLAH QUESTIONED U.S. ALLEGATIONS OF A LIBYAN CHEMICAL CAPABILITY, PARTICULARLY IN LIGHT OF USG SILENCE ON ISRAEL'S NUCLEAR WEAPONS PROGRAM. FINALLY, ABDULLAH URGED THAT THE U.S. FIND COMMON GROUND ON WHICH TO CONSTRUCTIVELY, OR AT LEAST COMMERCIALY, ENGAGE IRAN.

[1](#)3. (C) ABDULLAH'S REMARKS, AND WE ASSUME THEY WERE CONVEYED ACCURATELY BY THE TWO FORMER AMBASSADORS, SHOW THAT THE CROWN PRINCE APPEARS WILLING TO CHALLENGE A NUMBER OF BASIC TENETS OF RULE BY THE AL FAHD. PLACING THE OFF-BUDGET ITEMS IN THE GOVERNMENT BUDGET, LONG A GOAL OF REFORMERS HERE, WOULD WEAKEN THE ABILITY OF THE ROYAL FAMILY TO CARRY OUT THE PERSONAL LARGESSE THAT IT HAS OFTEN USED TO ENSURE FAMILY UNITY AND BUY THE LOYALTY OF ITS SUBJECTS. (IT COULD ALSO PROVE DETRIMENTAL TO THE PALACE CONSTRUCTION INDUSTRY.) OVERALL, THE CROWN PRINCE'S VIEWS REFLECT A SAUDI RULER WHO MIGHT TAKE REFORM OF THE OLD REGIME SERIOUSLY, WHO LIKELY ENDORSES THE SAG'S LESS RESPONSIVE STANCE TO U.S. REQUESTS FOR FINANCIAL SUPPORT FOR FOREIGN POLICY INITIATIVES AND COMMERCIAL DEALS, BUT WHO MAY BE MORE IN TUNE WITH THE SAUDI POPULACE. AN IMPORTANT CAVEAT, HOWEVER, IS THAT IT IS A LOT EASIER TO ESPOUSE REFORM, THAN IT IS TO ACHIEVE IT, PARTICULARLY IN A POLITICAL SYSTEM BASED ON FAMILY CONSENSUS AND COMPROMISE. END SUMMARY

[1](#)4. (C) IN THE LAST WEEK, TWO FORMER AMBASSADORS TO SAUDI ARABIA, RICHARD MURPHY AND CHAS FREEMAN, VISITED RIYADH AND SEPARATELY RELATED TO THE AMBASSADOR AND POL COUNSELOR THEIR IMPRESSIONS OF THE POST-GULF WAR SAUDI POLITICAL ORDER, BASED ON MEETINGS WITH THE CROWN PRINCE, MORE JUNIOR MEMBERS OF THE AL SAUD, AND MERCHANT FAMILIES IN RIYADH AND JEDDAH. MURPHY IS A FREQUENT TRAVELLER TO SAUDI ARABIA (THIS TRIP WAS UNDER THE AUSPICES OF THE COUNCIL OF FOREIGN RELATIONS), WHILE FREEMAN'S VISIT WAS HIS FIRST OPPORTUNITY TO CALL UPON THE CROWN PRINCE SINCE HIS DEPARTURE IN AUGUST 1992.

ABDULLAH ASCENDANT

15. (C) FREEMAN DESCRIBED A RELAXED, YOUNGER-LOOKING, AND MORE CONFIDENT CROWN PRINCE WHO, IN THE COURSE OF THE HOUR LONG MEETING, DID NOT ONCE STUTTER. DESPITE HIS IMPLICIT ACKNOWLEDGMENT THAT THE CURRENT POLITICAL ARRANGEMENT -- WITH THE KING TECHNICALLY BACK IN CHARGE BUT, FOR ALL PRACTICAL PURPOSES, ISOLATED IN JEDDAH -- IS AWKWARD, ABDULLAH EXUDED SELF-CONFIDENCE AND GREATER AUTHORITY.

16. (C) MURPHY TOO COMMENTED ON ABDULLAH'S UNUSUALLY RELAXED AND RELATIVELY LOQUACIOUS STYLE AND SECONDED FREEMAN'S IMPRESSION THAT THE CROWN PRINCE IS ENJOYING HIS EXPANDED RESPONSIBILITIES. MURPHY RELATED THAT WHILE ABDULLAH SIMPLY STATED THAT FAHD IS "FINE," A CLOSE ARAB FRIEND OF THE KING'S HAD TOLD HIM THAT DURING A RECENT PHONE CONVERSATION WITH FAHD, THE KING FALTERED AND THEN WAS HEARD ASKING SOMEONE "WHO AM I SPEAKING WITH?" FREEMAN'S REQUEST TO MEET WITH THE KING WAS MET WITH SILENCE BY ROYAL PROTOCOL.

17. (C) BOTH FORMER AMBASSADORS WERE TOLD BY FAMILIES WHO ENJOY BUSINESS RELATIONSHIPS WITH THE AL SAUD THAT FAHD'S BROTHERS ARE CONCERNED THAT HE MAY BE TAKEN ADVANTAGE OF BY HIS AVARICIOUS IN-LAWS, THE AL-IBRAHIMS. JEDDAH MERCHANT FAMILIES BELIEVE RIYADH GOVERNOR PRINCE SALMAN'S CONTINUED PRESENCE IN JEDDAH BY THE KING'S SIDE IS REQUIRED IN ORDER TO FEND OFF EFFORTS BY AL-JAWHARA (THE KING'S FAVORITE WIFE), HER SON ABD AL-AZIZ (THE KING'S FAVORITE SON), AND HER BROTHERS, THE AL-IBRAHIMS, TO SECURE A GREATER PORTION OF THE KING'S ASSETS. ACCORDING TO THESE REPORTS, AL-JAWHARA AND ABD AL-AZIZ ARE UNEASY WITH THE GRADUAL CEDING OF POLITICAL AUTHORITY TO THE CROWN PRINCE.

PICKING UP THE TAB: THE UNPLEASANT GULF WAR MEMORY

18. (C) ABDULLAH TOOK BOTH MEN TO TASK FOR WHAT HE JUDGED TO BE THE UNFAIR FINANCIAL BURDEN PLACED ON THE SAUDI ECONOMY BY THE U.S. DURING DESERT SHIELD/STORM. REFERRING TO JIM BAKER'S MEMOIRS, THE CROWN PRINCE TOLD FREEMAN HE APPRECIATED HIS EFFORTS DURING THE WAR TO CONVINCE THE FORMER SECRETARY OF STATE TO MODERATE HIS FINANCIAL DEMANDS. IN CONTRAST TO THE EMOTIONAL TRIBUTE ABDULLAH PAID TO THE U.S. FORCES SIX MONTHS AFTER THE WAR, IN THIS MOST RECENT MEETING WITH MURPHY THE CROWN PRINCE SPONTANEOUSLY REMARKED, "WE SPENT FAR TOO MUCH ON THE GULF WAR," AND QUERIED "WHY DID YOU GET US TO SPEND SO MUCH?" IN RESPONSE, MURPHY STATED THAT AT THE TIME WE WERE CONCERNED OVER ENGAGING THE FOURTH LARGEST ARMY IN THE WORLD AND THAT OUR INTELLIGENCE ON IRAQ WAS ALWAYS WEAK. ABDULLAH SNAPPED IN RESPONSE, "WHERE WAS THE CIA, SLEEPING?...IS IT ANY BETTER NOW?" THE CROWN PRINCE CONCLUDED BY NOTING, "WELL, THE MONEY IS GONE, SPENT."

19. (C) AMONG THE PRIVATE SECTOR, REACTION TO THE FINANCIAL AFTER-SHOCKS OF THE GULF WAR IS "VIOLENT," ACCORDING TO FREEMAN. WHILE CAREFUL TO COUPLE THEIR CRITICISMS WITH APPRECIATION FOR THE U.S. MILITARY RESPONSE, SAUDI BUSINESSMEN TOLD FREEMAN THAT THE U.S. TOOK ADVANTAGE OF AN ALLY IN A TIME OF CRISIS. FURTHERMORE, FREEMAN WAS LECTURED, THE PROMOTION OF LARGE COMMERCIAL CONTRACTS AFTER THE WAR, SUCH AS THE BOEING AIRPLANE DEAL, FURTHER REDUCES THE GOVERNMENT'S ABILITY TO MAKE GOOD ON ITS DOMESTIC ARREARS. BASED ON HIS MEETINGS WITH THE MAJOR MERCHANT FAMILIES, FREEMAN HAZARDED THAT THE SAG OWES BETWEEN 12-15 BILLION USD IN ARREARS. (NOTE: EMBASSY ESTIMATES PLACE ARREARS AT 10-13 BILLION USD.)

ABDULLAH'S PLATFORM: UNITED BUDGET, LESS CORRUPTION

¶10. (C) ABDULLAH INDICATED TO FREEMAN THAT HE WAS PREPARED TO TACKLE SAUDI ARABIA'S FINANCIAL DIFFICULTIES HEAD-ON. NOTING THAT MORE ECONOMIC BELT-TIGHTENING WOULD HAVE TO BE IMPOSED, THE CROWN PRINCE AGREED THAT SOME MEASURE OF AUSTERITY MIGHT PROVIDE A VALUABLE LESSON FOR SAUDI YOUTH, WHO, ABDULLAH BELIEVES, HAVE BECOME TOO SOFT DURING THE BOOM YEARS.

¶11. (C) IN RESPONSE TO LEADING QUESTIONS FROM FREEMAN, THE CROWN PRINCE OPAQUELY COMMENTED ON THE NEED TO "UNIFY" THE SAUDI BUDGET, WHICH FREEMAN READ TO MEAN INCORPORATING INTO THE BUDGET THE OFF-BUDGET EXPENDITURES RELATED TO THE "RECONSTRUCTION" OF THE TWO HOLY MOSQUES IN MECCA AND MEDINA, THE SAG-UK AL-YAMAMAH WEAPONS PROGRAM, AND THE STRATEGIC STORAGE PROJECT. (NOTE: IT IS FROM THESE PROJECTS, WHOSE ESTIMATED 12 BILLION USD BUDGETS SIDESTEP THE MINISTRY OF FINANCE, THAT THE KING AND MINDEF SULTAN ARE BELIEVED TO DIVERT GREAT SUMS INTO THEIR PERSONAL ACCOUNTS OR TO COMPANIES IN WHICH ROYAL FAMILY MEMBERS HAVE AN INTEREST.) THE CROWN PRINCE NOTED IN GENERAL TERMS THAT SUCH A TASK WOULD NOT BE EASY.

¶12. (C) A FURTHER INDICATION THAT THE CROWN PRINCE WILL EMBRACE AN ANTI-CORRUPTION DRIVE AS PART OF HIS POLITICAL AGENDA, FREEMAN CONTINUED, IS THE TIGHT SURVEILLANCE THAT ABDULLAH KEEPS HIS SONS UNDER WHEN IT COMES TO PRIVATE BUSINESS DEALS. (COMMENT: NEVERTHELESS, WE ARE AWARE THAT ABDULLAH'S PROGENY, SUCH AS DEPUTY SANG COMMANDER PRINCE MITIB, ARE NOT LACKING IN AVARICE.)

ABDULLAH ON ISRAEL AND IRAN

¶13. (C) COMING ON THE HEELS OF A TELEPHONE CONVERSATION WITH EGYPTIAN PRESIDENT MUBARAK, THE CROWN PRINCE QUESTIONED MURPHY CLOSELY ABOUT LIBYAN CHEMICAL CAPABILITIES. ABDULLAH, MURPHY NOTED, REMARKED THAT THE U.S. HAS MADE AGAIN ACCUSATIONS OF A COVERT WEAPONS PROGRAM AGAINST LIBYA AND PAKISTAN, YET HAS SAID NOTHING ABOUT ISRAEL'S NUCLEAR CAPABILITY. ABDULLAH EMPHASIZED THAT ARAFAT CANNOT ACCEPT ANY SETTLEMENT WHICH IS UNJUST AND STRONGLY CRITICIZED THE COLLECTIVE PUNISHMENT BEING METED OUT BY ISRAEL AGAINST THE PALESTINIANS. MURPHY URGED ABDULLAH NOT TO EXAGGERATE THE HUMANITARIAN DIMENSION, WHICH CAN BE REMEDIED QUICKLY, BUT FOCUS ON WHAT CAN BE DONE TO SHORE UP THE POLITICAL WILL OF BOTH PERES AND ARAFAT TO MOVE THE PEACE PROCESS FORWARD.

¶14. (C) REPEATING COMMENTS WHICH HE FIRST MADE TO MURPHY IN NOVEMBER 1995, THE CROWN PRINCE URGED THE UNITED STATES TO FIND AN ARENA IN WHICH TO ENGAGE IRAN, ESSENTIALLY ENDORSING THE EUROPEAN UNION'S POLICY OF CRITICAL DIALOGUE. ABDULLAH CHARACTERIZED THE TRADE EMBARGO AS COUNTERPRODUCTIVE TO THE U.S.'S LONG-TERM INTERESTS.

COMMENT

¶15. (C) ABDULLAH'S REMARKS, AS REPORTED BY THE TWO AMBASSADORS, REFLECT A RULER WHO TAKES ECONOMIC REFORM SERIOUSLY; WHO, AS KING, LIKELY WILL SHARPEN THE PATTERN OF THE LAST SEVERAL YEARS UNDER FAHD'S TENURE OF DECLINING RECEPTIVITY TO APPEALS BY THE USG FOR DONOR AID TO SUPPORT FOREIGN POLICY INITIATIVES; BUT WHO IS MORE IN TUNE, ECONOMICALLY AND POLITICALLY, WITH HIS SUBJECTS. WHILE FREEMAN DESCRIBED HIS CONVERSATION WITH ABDULLAH ON ECONOMIC REFORM AS PART KABUKI THEATER, HE LEFT THE MEETING CONVINCED (AS ABDULLAH'S RIGHT HAND MAN, SHAYKH ABD AL-AZIZ AL-TUWAIJRI, HAS OFTEN TRIED TO CONVINCE US - REFTELS) THAT ABDULLAH IS SERIOUS ABOUT

REFORMING BOTH THE SAUDI ECONOMY AND THE ROYAL FAMILY.

¶16. (C) IF HE WERE TO SUCCEED IN "UNIFYING" THE BUDGET, WHICH HAS LONG BEEN THE GOAL OF SAUDI ARABIA'S TECHNOCRATS, ABDULLAH WOULD REMOVE FROM THE DISCRETIONARY SPHERE THE FUNDS WITH WHICH THE AL FAHD HAVE USED TO SUPPORT THEIR LAVISH LIFESTYLE, AS WELL AS DISTRIBUTING TO THEIR SUPPORTERS. ABDULLAH'S STATEMENTS MAY REFLECT HIS OWN FRUSTRATION AT HAVING THE KINGDOM'S DISCRETIONARY FUNDS TIED UP IN OFF-BUDGET, AL FAHD-CONTROLLED, PROJECTS. NEVERTHELESS, IT IS EASIER TO ENDORSE REFORM AS A CROWN PRINCE, THAN IT IS TO EFFECT IT AS A KING. REGARDLESS OF ABDULLAH'S CREDENTIALS AS A REFORMER, HIS POLITICAL AND ECONOMIC AGENDA WILL REQUIRE HIS ACHIEVING A FAMILY CONSENSUS THAT WOULD LIKELY INVOLVE COMPROMISES WITH THE VERY PRINCES WHOSE LIVELIHOOD HIS REFORMS WOULD THREATEN.

MABUS